

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY)
TO ESTABLISH THE RATE FOR THE UTILITY)
FACILITY RELOCATION CHARGE TO) PSC DOCKET NO. 15-1601
RECOVER COSTS INCURRED IN)
CONNECTION WITH THE RELOCATION OF)
GAS UTILITY FACILITIES)
(FILED NOVEMBER 30, 2015))

IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY)
TO ESTABLISH THE RATE FOR THE UTILITY)
FACILITY RELOCATION CHARGE TO) PSC DOCKET NO. 16-0672
RECOVER COSTS INCURRED IN)
CONNECTION WITH THE RELOCATION OF)
GAS UTILITY FACILITIES)
(FILED MAY 26, 2016))

ORDER NO. 9144

AND NOW, this 9th day of November, 2017, the Delaware Public Service Commission ("Commission") determines and orders the following:

WHEREAS, under the provisions of 26 Del. C. §315, electric and natural gas utilities may calculate and collect a "Utility Facility Relocation Charge" ("UFRC Rate"), which allows the utility to promptly begin to recover depreciation expenses and a return on capital invested in "eligible utility facility relocations" put into service between rate cases; and

WHEREAS, under the statutory scheme, a particular natural gas utility's UFRC Rate, once initiated, may thereafter be adjusted on a semi-annual basis to reflect eligible improvements

put into service within the preceding six months. See 26 Del. C. §§315(c) and 314(b)(1) et seq.;¹ and

WHEREAS, on November 30, 2015 Delmarva Power & Light Company ("Delmarva") filed an application in PSC Docket No. 15-1601 to set its UFRC Rate of 1.95% effective on January 1, 2016; and

WHEREAS, on December 15, 2015, the Commission adopted Order No. 8837, which opened Docket No. 15-1601 and approved Delmarva's application for a UFRC Rate increase including all eligible utility facility relocations incurred from May 1, 2015 through October 31, 2015, to recover an increase of \$109,102.16 in revenues, effective January 1, 2016, subject to annual review, audit, and reconciliation by the Commission Staff ("Staff"). This increase was in addition to a revenue requirement of \$556,395.18 correctly carried over from Docket No. 15-1011; and

WHEREAS, on May 26, 2016 Delmarva filed an application in PSC Docket No. 16-0672 to set its UFRC Rate of 2.13% effective on July 1, 2016; and

WHEREAS, on July 12, 2016, the Commission adopted Order No. 8912, which opened Docket No. 16-0672 and partially approved Delmarva's application for a UFRC Rate increase while allowing inclusion of all eligible utility facility relocations incurred from November 1, 2015 through April 30, 2016. Due to Delmarva's filing of a gas base rate case, in Order 8912 the Commission

¹The Commission has explained the DSIC Rate mechanism, the basis for the UFRC Rate mechanism, in detail in PSC Order No. 5850 (December 11, 2001).

allowed a 2.13% UFRC Rate to be recovered during the period July 1 through July 15, 2016, at which time new interim gas base rates were to go into effect. Order 8912 also required Delmarva to reset its UFRC Rate to 0.25% on and after July 16, 2016. The combination of these two UFRC Rates during the period July 1 through December 31, 2016 led to a revenue requirement of \$129,322.94 subject to annual review, audit, and reconciliation by the Commission Staff ("Staff"); and

WHEREAS, on May 31, 2017, Staff began conducting an audit of Delmarva's calculations contained in Docket Nos. 15-1601 and 16-0672 and found no discrepancies. Staff also found that the infrastructure included for UFRC Rate consideration was in compliance with the Delaware Code and the UFRC Rates which the Commission previously approved in Order No. 8755. Specifically, Staff found that (i) Delmarva's rate of return did not exceed its last authorized rate of return; (ii) Delmarva collected \$985,243.96 in UFRC revenues during calendar year 2016 for PSC Docket Nos. 15-1601 and 16-0672, which was \$190,423.67 above the projected UFRC revenue; (iii) the plant portion of Delmarva's UFRC Rate calculation met the statutory requirements of eligible utility facility relocations; and (iv) plant additions were correctly included in Delmarva's UFRC Rate based on queries run in Delmarva's SAP billing data system; and

WHEREAS, Staff found that the UFRC Rate collected during the period January 1, 2016 through December 31, 2016 resulted in a total over-collection of \$190,423.67; and

WHEREAS, in the calculation of UFRC Rate collected during a subsequent period of July 1, 2017 through December 31, 2017, in Docket No. 17-0402, Delmarva included the entirety of the \$190,423.67 under-collection as a refund; and

WHEREAS, as a result of the refund in the calculation in Docket No. 17-0402, customers are timely recovering the over-collected revenues; and

WHEREAS, based on Staff's audit of the eligible utility facility relocations claimed by Delmarva in Docket Nos. 15-1601 and 16-0672, the revenues collected by Delmarva under this UFRC Rate, and the subsequent refund in the UFRC Rate calculation in Docket No. 17-0402, Staff recommends that Delmarva's UFRC Rate of 1.95%, as collected during the period January 1, 2016 through June 30, 2016, the UFRC Rate of 2.13%, as collected during the period July 1, 2016 through July 15, 2016, and the UFRC Rate of 0.25%, as collected during the period July 16, 2016 through December 31, 2016 be approved as final; and

WHEREAS, Staff recommends that the Commission formally close PSC Docket Nos. 15-1601 and 16-0672; and

WHEREAS, Staff further reports that it has shared its findings with the Delaware Division of the Public Advocate and Delmarva, and there does not appear to be any objections to the closing of these dockets;

**NOW THEREFORE, IT IS ORDERED BY THE AFFIRMATIVE
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. Under the provisions of 26 Del. C. §§315(c) and 314(b)(1) et seq., the Commission hereby approves Delmarva's UFRC

Rate of 1.95%, as collected during the period January 1, 2016 through June 30, 2016, the UFRC Rate of 2.13%, as collected during the period July 1, 2016 through July 15, 2016, and the UFRC Rate of 0.25%, as collected during the period July 16, 2016 through December 31, 2016 as final.

2. Staff will continue to ensure the proper refund of the \$190,423.67 found to be over-recovered during calendar year 2016 by Delmarva in the 2017 audit.

3. Nothing in this Order shall preclude the examination and challenge of Delmarva's claims in any base rate proceeding.

4. The annual audit of the filing made in PSC Docket Nos. 15-1601 and 16-0672 is concluded, and these dockets are hereby closed.

5. The Commission reserves the jurisdiction and authority to enter such further orders in these dockets as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary